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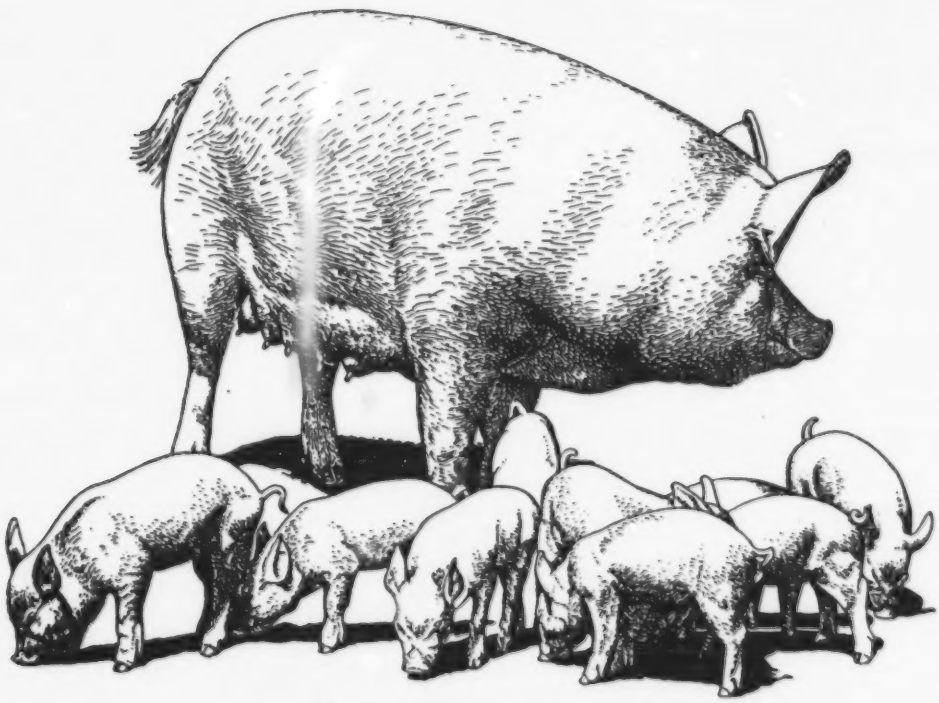
Swine Farm Business Summary

1989



SOW WEANLING

91-00717/

PREFACE

The 1989 Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is a synopsis of the business performance of seven (7) Nova Scotia swine farms.

The farms used in this summary were not selected on a random sample basis. Participating farmers volunteered their data for use in the summary. Therefore, care should be exercised in the interpretation of the results shown in the various tables of the summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similiar characteristics. This comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary.

We further acknowledge the efforts of Pamela Fraser and Peter Dekker who assisted in gathering the data and Tracey Mitchell for the secretarial work.

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is designed to provide bench mark information that can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you should ask meaningful questions with respect to the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your business. The profit picture of your business should also be improved by identifying the weaknesses and taking corrective action.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. You should identify these goals and objectives and then compare your performance in achieving them.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

RECEIPTS

Receipts from the sale of hogs accounted for 93.5 percent of Total Farm Receipts. Weanling sales were 93.4 percent, cull sows and boars 5.6 percent, market hogs 0.3 percent and other hogs 0.7 percent of this amount.

Total Farm Receipts averaged $ 169,220. on a per farm basis, or $1,112. on a per sow basis.

TABLE 1: RECEIPTS

ITEM	PER FARM	PER SOW
Weanlings	$ 147,819.	$ 971.
Market Hogs	482.	3.
Other Hogs	1,142.	8.
Cull Sows	7,909.	52.
Cull Boars	940.	6.
TOTAL HOG RECEIPTS	$ 158,292.	$ 1,040.
Subsidies	3,922.	26.
Other Income	7,006.	46.
TOTAL FARM RECEIPTS	$ 169,220.	$ 1,112.

EXPENSES

Purchased feed was the largest single item and accounted for 54.0 percent of Cash Expenses. In dollar terms, feed was $487. on a per sow basis, or $74,140. on a per farm basis. This translates into $25.96 per weaner.

Other major cash expenses (on a per sow basis) were swine purchases at $101.,hired labour at $87., utilities at $52. and vet and drug expense at $28.

TABLE 2: EXPENSES

ITEM	PER FARM	PER SOW
Purchased Feed	$ 74,140.	$ 487.
Swine Purchased	15,353.	101.
Hired Labour	13,224.	87.
Bedding	390.	3.
Vet & Drugs	4,247.	28.
Hog Supplies	1,749.	11.
Marketing Costs	90.	1.
Utilities	7,944.	52.
Taxes	938.	6.
Insurance	1,357.	9.
Building Repairs	3,214.	21.
Machinery & Equipment Expense	4,040.	27.
Auto Expense	971.	6.
Interest - Operating	2,400.	16.
Miscellaneous	1,780.	12.
Other Non-Hog Expenses	5,477.	36.
TOTAL CASH EXPENSES	$ 137,313.	$ 902.

INCOME SUMMARY

Income is one of the key factors studied when analyzing a farm business. Two (2) measures of income are summarized in the table below.

Net Cash Income refers to the difference between Farm Receipts and Cash Expenses. For these farms, Net Cash Income averaged $31,907. per farm or $210. on a per sow basis.

Net Farm Income is the difference between Farm Receipts and Cash Expenses with adjustments made for Inventory Change, Depreciation and Interest on Capital Loans. Net Farm Income averaged $13,180. per farm or $87. per sow.

TABLE 3: INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Receipts	$ 169,220.	$ 1,112.
Total Cash Expenses	137,313.	902.
NET CASH INCOME	$ 31,907.	$ 210.
Plus: Inventory Change	$ -92.	$ -1.
Less: Depreciation	11,553.	76.
Interest on Capital Loans	7,082.	47.
NET FARM INCOME	$ 13,180.	$ 87.

AVERAGE COST OF PORK PRODUCED

The average cost of producing pork was $2.73 per kg. ($1.24) per lb.) on a liveweight basis.

Note that this cost figure does not include a value for operator labour or interest on equity. It is a measure of the cost at the Net Farm Income level. Nothing has been added for what is traditionally called "Opportunity Cost".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 155,948.	$ 1,025.
Plus: Inventory Change	92.	1.
Less: Cull Sales	8,849.	58.
Other Income	7,006.	46.
TOTAL COSTS	$ 140,185.	$ 921.
Total Pork Produced (Kgs)	51,338	337
Average Cost of Production ($)	2.73	2.73

COST ANALYSIS

Purchased feed was the largest single cost item, accounting for 47.5 percent of Total Cost. Other major expenses were swine purchased at 9.8 percent, hired labour at 8.5 percent, depreciation at 7.4 percent, and utilities at 5.1 percent of Total Cost. Total Interest accounted for 6.0 percent of Total Cost.

TABLE 5: COST ANALYSIS

ITEM	PERCENT OF TOTAL
Purchased Feed	47.5 %
Swine Purchased	9.8
Hired Labour	8.5
Bedding	.2
Vet & Drugs	2.7
Hog Supplies	1.1
Marketing Costs	.1
Utilities	5.1
Taxes	.6
Insurance	.9
Building Repairs	2.1
Machinery & Equipment Expense	2.6
Auto Expense	.6
Interest - Operating	1.5
Miscellaneous	1.1
Other Non-Hog Expenses	3.5
Depreciation	7.4
Interest - Capital Loans	4.5
TOTAL	100.0 %

PRODUCTION ANALYSIS

The average size of the units in this study was 152 sows. Production averaged 2.19 litters per sow per year.

Total pigs born per sow were 24.14 and 18.87 were weaned. Suckling mortality averaged 5.55 pigs or 23.01 percent of pigs born. Weanling sales were 18.45 weaners per sow.

TABLE 6: PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	152	1.00
Number of Boars	9	.06
Number of Litters	333	2.19
Pigs Born	3,675	24.14
Pigs Born Alive	3,414	22.43
Pigs Weaned	2,873	18.87
Pigs Born Per Litter	11.03	-
Pigs Born Alive per Litter	10.25	-
Pigs Weaned per Litter	8.62	-
Suckling Mortality (#)	845	5.55
Suckling Mortality (%)	23.01	-
Weanlings Sold	2,808	18.45
Gilts Kept for Replacement	-7	-.05
Market Hogs Sold	4	.03
Other Hogs Sold	9	.06
Inventory Change	-11	-.08
Inventory Adjustment	21	.14
Purchases	67	.44
Feeder Hog Mortality (#)	49	.32
Feeder Hog Mortality (%)	1.74	.01

PRODUCTION ANALYSIS

A number of production coefficients provide additional information about the sow-weanling enterprise. Average weight per weanling sold was 18 kilograms (39.6 pounds), while the average price received per weanling was $52.65 ($2.92 per kg.).

Feed consumption per weanling produced averaged 4.88 kgs. of creep; 17.36 kgs. of starter; 61.19 kgs. of sow & boar feed; for a total of 83.61 kgs. of feed at a total cost of $25.96 per weanling.

The cull rate on sows averaged 34.91 percent, and for each man equivalent of labour available, 81 sows were maintained.

TABLE 7: PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Ave. Weight per Weanling Sold	(kgs)	18
Ave. Return per Weanling	($)	52.65
Sow Mortality	(%)	3.75
Cull Rate on Sows	(%)	34.91
Labour Man Equivalents	(#)	1.89
Sows Kept per Man Equivalent	(#)	81
Total Sales per Man Equivalent	($)	89,602
Weanlings Produced per Man Equivalent	(kgs)	26,621
Creep per Weanling	(kgs)	4.88
Creep Cost per Weanling	($)	2.92
Starter per Weanling	(kgs)	17.36
Starter Cost per Weanling	($)	6.43
Creep & Starter per Weanling	(kgs)	22.22
Creep & Starter Cost per Weanling	($)	9.35
Sow & Boar Feed per Weanling	(kgs)	61.19
Sow & Boar Feed Cost per Weanling	($)	16.61
Total Feed per Weanling	(kgs)	83.61
Total Feed Cost per Weanling	($)	25.96
Creep Cost per Tonne	($)	601.09
Starter Cost per Tonne	($)	370.38
Sow & Boar Feed Cost per Tonne	($)	271.50
Feed per Sow & Boar	(kgs)	1089.08

SUMMARY

The 1989 Nova Scotia Farm Business Summary for Sow-Weanling operations provides basic information and statistics on the costs and returns associated with the sow-weanling enterprise on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used, with care, to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

The following items can be noted in reviewing the information contained in this summary:

- Average farm size measured in terms of sow numbers was 152.
- Average litters per sow was 2.19.
- Average pigs weaned per sow per year was 18.87.
- Average sales of weanlings per sow per year was 18.45.
- Average weanling sale weight was 18 kilograms (39.6 pounds).
- Average feed consumed per weanling was 83.71 kilograms, including sow and boar feed. Average feed cost per weanling was $25.96.
- Average price received per weanling was $52.65 ($2.92 per kg.). Total hog sales per sow were $1040.
- Average cost of production per kilogram was $2.68.
- Average net farm income per sow was $87. This is a decrease of $26. from 1988.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in many of the costs, returns and management factors.

Below, we outline a number of the variations.

- Net Farm Income per sow had a range of $403. between the highest and lowest.
- Feed costs per sow had a range of $257.
- Kilograms of creep and starter feed per weanling varied as much as 11.81 kilograms.

- Total feed fed per weanling varied as much as 17.27 kilograms.

- Pigs weaned per sow varied as much as 4.18 pigs per year.

- Sows kept per man equivalent had a range of 88 sows between the highest and lowest sows per man.

It is difficult to isolate specific characteristics that result in a profitable sow unit with such wide variation in many of the costs, returns and production factors, It would appear, however, that a number of the key factors of production outlined above such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.

Those operators who successfully combined these factors of production in the operation and management of their farm units achieved a return to their labour, capital and management skills.